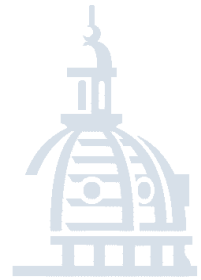


## Fiscal Note

*Fiscal Services Division*




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**HF 282** – Dropout Prevention Program Funding (LSB1535HV.1)

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Fiscal Note Version – **Revised to include Minority Impact Statement**

Requested by Representative Wayne Ford

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### **Description**

House File 282 increases the percentage of students from the school district's budget enrollment that the district may identify as returning or potential dropouts from 5.0% to 7.0% when requesting modified allowable growth for the Dropout Prevention Program.

### **Background**

Currently school districts may request modified allowable growth from the Department of Education to fund programs for returning dropouts or dropout prevention. The modified allowable growth request cannot exceed 5.0% of the district's Regular Program budget and is funded through local property taxes. In FY 2009, 320 school districts levied a total of \$101.8 million for Dropout Prevention Program funding. Of the 320 districts, 90 were at the 5.0% maximum. The following table provides Dropout Prevention Program funding and usage since FY 2001.

**Dropout Prevention Program Funding Through the School Aid Formula FY 2001 to FY 2009**  
(Dollars in Millions)

Fiscal Year	Dropout Prevention School Aid Funding	Dropout Prevention Funding Capacity	Actual Funding as a Percentage of 5.0% Max Capacity	Number of Districts with Program	Percentage of Districts with Program	Number of Districts at 5% Maximum Capacity	Percentage of Districts at 5.0% Maximum
2009	\$ 101.8	\$ 133.8	76.1%	320	88.4%	90	24.9%
2008	88.4	129.3	68.4%	312	85.7%	71	19.5%
2007	79.6	124.5	63.9%	304	83.3%	51	14.0%
2006	72.1	119.8	60.2%	281	77.0%	40	11.0%
2005	64.4	115.6	55.7%	274	74.7%	27	7.4%
2004	57.0	113.8	50.1%	259	70.0%	20	5.4%
2003	51.8	112.2	46.2%	236	63.6%	13	3.5%
2002	44.2	112.1	39.4%	225	60.6%	3	0.8%
2001	40.5	108.8	37.2%	216	57.8%	2	0.5%

### **Minority Data Information**

The U.S. Census estimate for Iowa was 3.0 million people as of July 1, 2007 (the most current estimates available). Men comprise 49.3% of the population. Approximately 91.0% of Iowa's population is white. The composition of the remaining 9.0% is: 2.3% black, 0.3% American Indian or Alaska Native; 1.5% Asian; 0.01% native Hawaiian or other Pacific Islander; 3.8% Hispanic or Latino (of any race); and 1.09% is unknown.

Based on information from the Department of Education's 2008 Annual Condition of Education Report, the following table provides minority statistics for enrollments, grade 7-12 dropout rates, and graduation rates. During the 2006-2007 school year, minority students accounted for 14.0% of the grades Kindergarten through 12 public school enrollments, 12.3% of the grades 7 through 12 public school enrollments, and 25.4% of the grades 7 through 12 dropouts.

Public School Race/Ethnicity Data for the 2006-2007 School Year								
Race/Ethnicity	Grade K-12 Public School District Enrollment	Grade K-12 Public School District Enrollment Percentage	Grade 7-12 Dropout Rates	Grade 7-12 Dropouts	Grade 7-12 Enrollments	Perc. of Grade 7-12 Dropouts	Perc. of Grade 7-12 Enrollment	High School Graduation Rates
Black	25,117	5.3%	3.7%	401	10,986	11.1%	4.8%	74.6%
American Indian	2,800	0.6%	3.9%	54	1,400	1.5%	0.6%	75.6%
Asian	9,425	2.0%	1.4%	60	4,188	1.7%	1.8%	91.2%
Hispanic	29,221	6.2%	3.5%	404	11,597	11.2%	5.0%	75.1%
White	408,304	86.0%	1.3%	2,698	201,735	74.6%	87.7%	92.0%
<b>Total</b>	<b>474,867</b>	<b>100.0%</b>	<b>1.6%</b>	<b>3,617</b>	<b>229,906</b>	<b>100.0%</b>	<b>100.0%</b>	<b>90.5%</b>
<b>Minority Total</b>	<b>66,563</b>	<b>14.0%</b>	<b>3.3%</b>	<b>919</b>	<b>28,171</b>	<b>25.4%</b>	<b>12.3%</b>	<b>77.6%</b>

### **Assumptions**

- Increasing the percentage from 5.0% to 7.0% will impact school district budgets beginning in FY 2011.
- Assumes 90 districts will be at or near the 5.0% maximum capacity in FY 2010.
- Assumes a 4.0% allowable growth rate for FY 2010. Estimated data from FY 2010 is used as the basis for the FY 2011 estimate.
- The number of districts that will increase Dropout Prevention Program funding due to an increase in the maximum percentage is currently unknown.
- The Dropout Prevention Program funding maximum capacity at 5.0% is approximately \$138.1 million and at 7.0% it totals approximately \$193.4 million.
- For the 90 districts that were at the 5.0% maximum capacity in FY 2009, the amount generated for the Dropout Prevention Program totals \$58.4 million. Increasing the maximum rate to 7.0% could generate an additional \$23.4 million for those districts.

### **Minority Impact Assumption**

Dropout Prevention Program funding will be targeted to programs designated at lowering the number of dropout students and increasing the number of graduates.

### **Fiscal Impact**

There is no impact to the State General Fund.

Increasing the maximum percentage from 5.0% to 7.0% increases the Dropout Prevention Program funding capacity by approximately \$55.3 million. Enactment of HF 282 will likely result in a local property tax increase to fund the Program beginning in FY 2011, but the impact is currently unknown.

### **Minority Impact**

Any increases in Dropout Prevention Program funding may decrease overall dropout rates and increase graduation rates, including the rates for minority students.

**Sources**

Department of Management, School Aid file  
Department of Education, Annual Condition of Education Report  
LSA calculations

/s/ Holly M. Lyons

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February 23, 2009

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), Code of Iowa. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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